# GOVERNMENT OF INDIA
# COMMERCE AND INDUSTRY
# LOK SABHA

UNSTARRED QUESTION NO:538
ANSWERED ON:24.02.2009
UNDERSELLING OF IRON ORE BY MMTC
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**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

(a) whether there has been underselling of minerals particularly Iron Ore by Minerals and Metals Trading Corporation (MMTC) to various countries including Japan and South Korea;

(b) if so, the details thereof during each of the last three years and the current year, country-wise, quantity-wise, value-wise and mineral-wise;

(c) whether MMTC follows the practices as are followed globally;

(d) if so, the details thereof and if not, the reasons therefor; and

(e) the steps taken/proposed to be taken by the Government to avoid underselling of minerals?

## Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI JAIRAM RAMESH)

(a) No, Sir.

(b) Does not arise.

(c)&(d) MMTC is exporting iron ore to Japanese steel mills, POSCO, South Korea and Chinese buyers by way of entering into long term contracts / annual memorandum of agreements. The quantity and prices with Japanese steel mills and POSCO, South Korea are finalised at the beginning of each financial year. Such benchmark prices are finalised based on increase/ decrease in line with the international iron ore prices and are applicable for full year. For the current year 2008-09, the Australian suppliers finalised the increase in benchmark price of iron ore lumps by 96.50% and iron ore fines by 79.88% over the price levels of the previous year. This was also followed by MMTC and the benchmark prices were increased with Japanese steel mills and POSCO South Korea at the same percentages.

In respect of China, the annual quantity is finalised at the beginning of each year. However, the prices are finalised with these buyers on spot basis keeping in view the market scenario on transaction-to-transaction basis.

The prices of chrome ore and concentrates are decided by the chrome producers generally on a quarterly basis for which the chrome producers' meeting is held in MMTC. These prices are decided keeping in view the market environment, domestic scenario, competitors' activity and sustainability of prices over the period under consideration.

The prices of Manganese Ore are finalized on back to back basis with the supplier and foreign buyers.

(e) Does not arise.